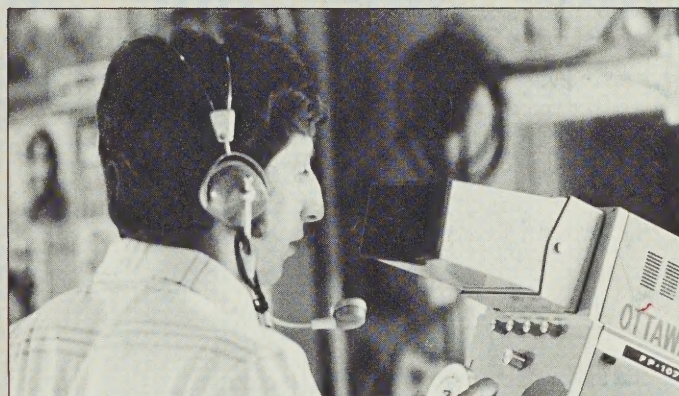


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TOWARDS A NEW NATIONAL BROADCASTING POLICY



New policies and initiatives to provide Canadians with greater program choice,
and make the Canadian broadcasting industry more competitive:
A response to new technologies and the changing environment.

Canada



Government of Canada
Department of Communications

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Ministère des Communications



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Canada

New technologies increase greatly the reach and number of broadcast signals which are transmitted both within Canada, and across our borders from abroad. While these innovations promise many benefits, they also hold the potential for undermining Canadian broadcasting and culture. Action must be taken now to ensure that Canadian content is maintained and strengthened in the distribution of new services. Steps must be taken now to help Canadian broadcasters become more competitive. With new policies for this technological environment, Canadian viewers will be able to receive greater program choice, including a steady and reliable supply of programming which reflects Canadian cultural values.



THE SITUATION IS URGENT, THE TIME OPPORTUNE.

Francis Fox

Minister of Communications

During the past two and a half years, I have met with many Canadians who expressed a desire for increased choice in programming on both television and radio. In these same discussions, many individuals also expressed concern about the continued viability of the Canadian broadcasting industry in the face of increased competition from other countries. Many individuals voiced a special worry that a significant increase in the importation of foreign programming could impede the appreciation by many Canadians, especially younger people, for the unique value of Canadian history, culture and society.



I believe that, within a healthy and viable Canadian broadcasting system, Canadians are entitled to as much choice in programming as technical, contractual and international arrangements enable them to receive. I also firmly believe that "choice" for Canadians is meaningless unless it also includes programming which reinforces the cultural heritage of all Canadians.

And I feel strongly that steps must be taken to help the broadcasting industry in this country become more competitive. But "more competitive" is meaningless unless Canadian producers are developing high-quality, attractive programs.

This two-fold concern about technological benefits on the one hand, and cultural viability on the other, has led the federal government to take action towards the establishment of new cultural and broadcasting policies. In November of this past year, the report of the Federal Cultural Policy Review Committee was published. This document, and the debates flowing from it, will help lay the groundwork for Canadian cultural policies between now and the year 2000. Its recommendations are broad and comprehensive, and include many insights about the changing nature of the broadcasting industry, and the direction it might take in the future. The process now underway will establish the policies by which all Canadians will be assured access of high quality programs which reinforce the cultural values of this country.



The new technologies increase greatly the reach and number of broadcast signals which are transmitted both within Canada and across our borders from other countries. Canadians already have the technical means to receive these signals and to benefit from them, and to obtain a wide range of other programming. While these innovations promise many benefits, they also hold the potential for undermining Canadian broadcasting and culture. Action must be taken now to ensure that Canadian content is maintained and strengthened in the distribution of these new services. Furthermore, steps must be taken to increase the competitiveness of the Canadian broadcasting industry, both in terms of production and distribution. In these ways, Canadian viewers, in addition to receiving greater program choice because of new technologies, will also have a steady and reliable supply of programming which reflects Canadian cultural values.

In response to these urgent matters, I am putting forward a policy framework called a Broadcasting Strategy for Canada. Some of its proposals have now been adopted as policy, and their effect will be to offer Canadians greater program choice, to strengthen our broadcasting industry, and to encourage the increased production of uniquely Canadian programming.



This Broadcasting Strategy for Canada represents one aspect of an integrated set of communication-information policies which the Government of Canada is developing to deal with the emerging demands of the "information society".

In this country, a whole range of new technologies and computer/communications services, based upon the creation of knowledge and the transmission of information, are now taking Canada rapidly into a new economic and social world in which there are few existing rules. Countries around the world are only now beginning to understand this new environment and to develop the strategies and arrangements needed to secure the benefits of the new technologies for their citizens. It is only now that people around the world are learning how to strengthen their economies through the development of these technologies, and how to reinforce the uniqueness of their national cultures in the face of the burgeoning number of messages which are being transmitted from many different sources around the planet.

We are a country that is rich in culture, innovative in technology, but small in population. We know that an absence of Canadian programming undermines the cultural awareness of our citizens. The people of Canada, going back fifty years, have recognized that broadcasting in both official languages represents a crucial vehicle for encouraging cultural values which are uniquely Canadian. There is general agreement that, in order for these cultural values to retain their vibrancy in the face of increased programming received from the United States and elsewhere, the government, in co-operation with the broadcasting industry, must ensure that our own programming and broadcasting capabilities - both public and private - remain competitive.



The Broadcasting Strategy for Canada is designed to enable the broadcasting system to respond to the challenges and seize the technological opportunities which are before Canada at this time.

This strategy has three fundamental goals:

ONE, to maintain the Canadian broadcasting system as an effective vehicle of social and cultural policy in light of a renewed commitment to the spirit of the broadcasting objectives set out in the 1968 Broadcasting Act.

TWO, to make available to all Canadians a solid core of attractive Canadian programming in all program categories through the development of strong Canadian broadcast and program production industries.

THREE, to provide a significantly increased choice of programming of all kinds in both official languages in all parts of Canada.

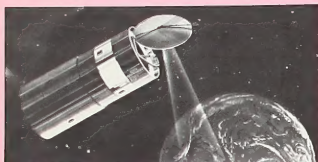
The result of many months of development, including extensive consultation with the industry, the Broadcasting Strategy for Canada represents a solid and reasoned approach to the new world of broadcast technology. The challenge of gaining control of our own communications and information future is no small matter. The opportunities which will be available to all Canadians if we meet the challenge are great.

In that new environment, greater choice and greater competitive capacity will be not only our best strategies, but the only strategies which will enable us to maintain a vital Canadian culture and a viable broadcasting system.

TOWARDS A NEW NATIONAL BROADCASTING POLICY

BACKGROUND

The new broadcasting environment is characterized by the emergence of satellites and increasingly inexpensive equipment to receive satellite signals. Satellite technologies are now combined with cable systems of greatly increased channel capacity. Subscribers to these systems can now be charged directly for the program services they choose to receive.



New distribution technology ignores national boundaries.

At least 50 new television services are now being delivered by satellite in the United States to a rapidly expanding cable industry. These signals also spill over most of Canada where they can easily be picked up by earth receive stations. Within the next three years, American enterprises will launch a number of direct broadcast satellites, which will be much more powerful than existing equipment. The signals of these satellites will reach most of the populated areas of Canada. By its nature, the new broadcasting technology neither recognizes nor respects national boundaries. Consequently, new broadcasting policies are needed at this time which will enable Canadian consumers and broadcasters to take advantage of this greatly increased capability. Canada urgently needs a new broadcasting strategy at this time.

The economic stakes are high.

Quite apart from its cultural importance, the dollars and jobs at stake in this broadcasting strategy are considerable. The 1,312 stations, networks and cable systems and the 1,486 broadcasters that together form the Canadian broadcasting system, collectively generate more than \$2 billion in revenues each year. The Canadian program production and broadcasting industries employ some 75,000 Canadians. Without new policy initiatives, a significant portion of those revenues and jobs will be at risk.

The serious need for fully competitive Canadian programs.

Without new policy initiatives, Canadian program producers could find themselves progressively less able to compete in a domestic market that is open to the world. The reality is that American producers serve a domestic market 10 times larger than Canada's, and the disparity in revenues available for program production in the two countries is even greater.

Preserving a capability for program production in Canada.

This economic reality, combined with the globalization of the broadcasting environment, could destroy the infrastructure for program production in Canada, as talented Canadian producers, writers, directors, actors and technicians gravitate toward more prosperous foreign production centres. At present, more than 30,000 Canadians make their living in the independent television production and film industry. Another 10,000 self-employed Canadians work on productions as performers, writers, directors and technicians. A significant number of these 40,000 jobs are potentially in jeopardy.

Strengthening the economic base for the Canadian television industry - an urgent necessity.

Unless the Canadian television industry can take advantage of the new environment and participate actively in the provision of new satellite-to-cable services, its audiences could decline dramatically. In a world where \$900 earth stations are a reality, first the viewers, then advertisers and finally investors could desert Canadian stations. Unless new revenue sources are found to strengthen the system, broadcasters could see their economic base decline substantially and a number of local broadcasters could go out of business. The cable industry could also face massive customer disconnections unless steps are taken to increase the attractiveness of Canadian cable services. The private television, radio and cable industries employ 22,000 Canadians. Many of these jobs too are potentially at risk.

Canadians will continually demand access to a widening choice of program services.

The broadcasting industry in Canada is now subject to marketplace demands from consumers for program services to satisfy a continually increasing range of interests and needs. Broadcasters and other entrepreneurs must now adapt their facilities, organizations and marketing capabilities to satisfy these demands on an ongoing basis with new services.

NEW POLICIES

The following policies are now being adopted to enable Canadian consumers, broadcasters and other entrepreneurs, to take advantage of the new environment.

1 EXPAND PROGRAMMING CHOICE

Canadians should have access to a wide variety of satellite programming from around the world - along with a full range of existing and new Canadian programming services - subject to contractual and international arrangements. Canada has the strongest and most technically advanced cable distribution system in the world. We are now building on this system, and our own satellite technology, to enable the broadcasting system to expand its domestic audience and revenue base, and to guarantee that we will have an ongoing vehicle for Canadian programming.

2 STRENGTHEN CANADIAN PROGRAMMING

The new technological environment can be shaped to create opportunities from which the entire program production industry can benefit. A special Canadian Broadcast Program Development Fund will be established to be available to private production companies and independent producers. The fund will be administered by the Canadian Film Development Corporation and will rise from a total of \$35 million in the first full year of operation to \$60 million in the fifth year.

CONSULTATION

Further policies which will strengthen Canada's cultural, social and economic position within the new broadcasting environment are required. Public input on these policies will be sought during the coming months.

3 DIRECT CRTCC ON POLICY MATTERS

In a rapidly changing technological environment, it is essential that the Government of Canada has the ability to adjust broadcasting policy quickly to meet new challenges and opportunities. There is a consensus, including nearly every provincial government, the chairman of the CRTCC, the broadcasting industry and the Federal Cultural Policy Review Committee in its recommendations, that the federal government be given the ability to issue directives to the CRTCC on broad policy matters, subject to adequate safeguards and procedures. Mechanisms for public input will be assured. All matters of specific program content, however, will remain the responsibility of the broadcaster under the general regulatory and supervisory jurisdiction of the CRTCC.

4 ABOLISH TVRO LICENSING REQUIREMENTS FOR INDIVIDUALS

Many Canadians in rural and remote areas do not benefit from the increasing choice in programs enjoyed by the majority living in areas served by cable. The growing use of satellites to deliver programming services represents a significant opportunity to redress this imbalance. The federal government has, therefore, decided that individual Canadians - as well as certain commercial establishments - will no longer need a licence under the Radio Act to operate an earth station for reception of radio and television programming from satellites, as long as this programming is not distributed to others. The licensing requirement for master antenna systems is also being relaxed. It should be noted, however, that operators of earth stations may require permission from the organizers of the satellite programming.

NEXT STEPS

The new broadcasting environment will require a continual adjustment of laws and regulations which govern public and private broadcasting in Canada. The following measures are now at the consultation stage, and, as modified through public debate, will also become firm policies of the Broadcasting Strategy for Canada.

Private Sector Thrust:

Encourage the private broadcasting sector in Canada to fulfill an expanded role in increasing both the quality and quantity of Canadian programming. Given that new funds and government assistance are being made available to make the industry more competitive, ensure higher levels of performance from the industry, especially in the area of Canadian programming carried on existing and new services.

French-language Broadcasting Thrust:

Enhance and extend French-language broadcasting and programming services in Quebec and across Canada, while at the same time strengthening the French-language program production industry. In particular, stimulate export of programming produced by the French-language program production industry. Enter negotiations with the Government of France for extension of present feature film co-production agreement to television productions, as well as negotiating co-production agreements with other francophone countries. On a reciprocal basis, encourage the importation of foreign French-language programming into Canada. Examine the establishment of a second private French-language television network in Quebec. Further extend French-language programming services, both domestic and foreign, to francophones throughout the country.

Export Thrust:

Establish a framework for the international marketing of Canadian television programs in both official languages through a variety of measures including the negotiation, where desirable, of co-production treaties with other countries and the extension of existing treaties to cover television programming.

Equalization Thrust:

Reinforce the national effort to equalize broadcasting services throughout the country, employing all available distribution technologies including microwave and Canadian satellites.

Native People Thrust:

Respond to the needs of native people for broadcasting services reflecting their languages and cultures.

Regulatory Thrust:

Ensure a more flexible regulatory environment, attuned to the new technologies - particularly with respect to changing Canadian content requirements, the timing of cable services, and extension of cable, priority carriage rules to encompass satellite-delivered services.

Legislative Thrust:

Revise the legislative framework for broadcasting, with special emphasis in re-aligning Parliament's statutory objectives for broadcasting in light of sweeping technological changes. Give the CRTCC authority to compel cable operators to lease cable channels at fair and reasonable rates to providers of new programming and non-programming services. Amend legislative requirements to permit streamlining and simplification of the regulatory process.

CBC Thrust:

Assure the strengthened performance of the public broadcasting system as a crucial component of an identifiable Canadian broadcasting system. Conduct a fundamental review of the role of the CBC to ensure that it provides programming appropriate to the new broadcasting environment. Emphasize in this review the need for the corporation to increase levels of Canadian content and move towards greater use of high quality Canadian programming which has been purchased from independent Canadian producers.

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February 21, 1983

MEMORANDUM OF UNDERSTANDING
CONCERNING THE ESTABLISHMENT OF
THE CANADIAN BROADCAST PROGRAM DEVELOPMENT FUND

Parties

The Minister of Communications

and

The Canadian Film Development Corporation

Intent of Memorandum

1. This memorandum is prepared in the spirit of cooperation envisaged by subsection 10(4) of the Canadian Film Development Corporation (CFDC) Act which provides that the Corporation shall, to the greatest possible extent consistent with the performance of its duties under that Act, consult and cooperate with the Government of Canada.

2. The intent of this memorandum is to give written expression to the results of consultations between the Government of Canada and the CFDC concerning general guidelines applicable to the use of certain monies to be credited to the Canadian Film Development Advance Account in the Consolidated Revenue Fund for the purpose of providing the CFDC with additional funds to make investments in high quality Canadian television productions specifically in the categories of drama, children's programming and variety. In this memorandum, the term "drama" should be taken in a wide sense to include productions such as feature films, situation comedies, adventure series and plays.

The National Broadcasting Strategy

3. The Government of Canada has announced and tabled in Parliament a Broadcasting Strategy for Canada ("the Strategy"). The Strategy identifies the inadequate level of video and film production that has historically existed in three categories of Canadian television programming: drama, children's programming and variety.

4. To remedy this situation, the Strategy calls for the establishment of a Canadian Broadcast Program Development Fund ("the Fund") to assist in financing program production by the private sector. The Strategy further provides that this Fund should be administered by the CFDC consistent with the performance of its duties under the CFDC Act, and specifically, that the CFDC in carrying out this responsibility, should continue to exercise its independent judgment concerning individual investments so as to best attain a strong and creative program production industry in Canada.

Results of Consultation

5. The parties have entered into a series of discussions and have agreed that the CFDC shall undertake the administration of the Canadian Broadcast Program Development Fund so as to bring about an increase in the quantity of high quality Canadian television productions in the categories of drama, children's programming and variety. The parties share the view that it

is essential to the development of a vigorous program production industry in Canada and to the attainment of Canada's broadcasting policy that creative control should rest with Canadians, and that employment opportunities, to the maximum extent possible, should be provided for Canadians in all stages of Canadian television production. (The CFDC Act definitions of "Canadian feature film" and "Canadian feature film production" are set out in Annex A for ease of reference.)

6. In order to establish the Canadian Broadcast Program Development Fund, the Government of Canada is seeking to obtain Parliament's approval for an appropriation which, it is estimated, should provide to the Fund \$35 million in the first full fiscal year of operation, rising to \$60 million in the fifth year.

7. Taking into account the Government's cultural objectives and the Broadcasting Strategy for Canada, the CFDC shall administer the Fund in a manner consistent with the performance of its duties under the CFDC Act and in accordance with the following guidelines:

a) The Fund may be applied towards the cost of planning, developing and producing Canadian television productions which the CFDC considers

1) to be within the categories of drama, children's programming or variety;

- ii) in the case of drama and variety programming, to be appropriate for exhibition by Canadian over-the-air TV broadcasters during the hours 7 p.m. to 11 p.m.;
 - iii) to be of high quality, attractive to peak viewing audiences and where appropriate, internationally attractive; and
 - iv) to be in conformity with the Canadian Association of Broadcasters Code of Ethics and any other Canadian programming standards endorsed by the CRTC regarding, among other things, the portrayal of sexual violence and sexual exploitation.
-
- b) In the case of any particular production, the funding should generate at the very least two dollars of investment from other sources for every dollar invested by the CFDC.
 - c) A particular program may be produced either in video or in film, and may be either a stand-alone program or one of a series.
 - d) The CFDC may invest money from the Fund in a particular production as a loan, loan guarantee, equity participation, or a mix of these three.
 - e) The CFDC shall take appropriate measures to identify provincial and regional interests in the development of Canada's program production industry, and seek an appropriate balance in its investments so as to foster program production in all regions of Canada.

- f) In administering the Fund, the CFDC shall endeavour to invest approximately one-third of the Fund in French language television productions and two-thirds of the Fund in English language television productions.
- g) Monies from the Fund shall be made available only to private Canadian program producers. At least one-half of the monies from the Fund shall be applied to television productions intended to be exhibited by private over-the-air broadcasters in Canada and up to one-half applied to productions intended to be exhibited by the Canadian Broadcasting Corporation/Société Radio-Canada.
- h) The CFDC may advance funds for a particular program only after it has been provided with a copy of a signed agreement between the producer and a private over-the-air TV broadcaster in Canada, including an over-the-air network, or the Canadian Broadcasting Corporation/Société Radio-Canada. Such agreement shall provide for exhibition of the production by the broadcaster no later than two years after the production has been completed. Such agreement need not provide for exclusive or first-time exhibition by the broadcaster since it may be to the advantage of all parties concerned to conclude agreements which also provide for other ancillary markets.
- i) Monies from the Fund should be directed to new productions and should not replace existing expenditures by broadcasters for established program commitments.

8. All amounts received by the CFDC as proceeds from any production in which the Corporation has invested as provided in article 7 shall be deposited in the Consolidated Revenue Fund to the credit of the Canadian Film Development Advance Account. Any such amounts shall be reinvested by the Corporation in accordance with the provisions of article 7 of this memorandum.

9. In respect of a particular production and upon request from the CFDC, the Minister may waive one or more of the guidelines set out in article 7 of this Memorandum.

10. This agreement shall take effect on July 1, 1983.

11. The parties, by their signature hereto, indicate their approval of this memorandum of understanding.

Dated at Ottawa this 21 day of February, 1983 A.D.


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Minister of Communications


The Canadian Film Development Corporation

EXTRACTS FROM THE CFDC ACT

Section 2 in part

In this Act

"Canadian feature film" and "Canadian feature film production" have the meanings assigned by subsection 10(2):

Subsection 10(2)

(2) For the purposes of this Act, a "Canadian feature film" or "Canadian feature film production" is a feature film or feature film production in respect of which the Corporation has determined

(a) that the completed film will, in the judgment of the Corporation, have a significant Canadian creative, artistic and technical content, and that arrangements have been made to ensure that the copyright in the completed film will be beneficially owned by an individual resident in Canada, by a corporation incorporated under the laws of Canada or a province or by any combination of such persons; or

(b) that provision has been made for the production of the film under a co-production agreement entered into between Canada and another country.

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Cat. no. Co22-38/1983E
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ISBN 0-662-12451-0

TOWARDS A NEW NATIONAL BROADCASTING POLICY

**New policies and initiatives to provide Canadians with greater program choice
and make the Canadian broadcasting industry more competitive:**

A response to new technologies and a changing environment.

The situation is urgent, the time opportune

For many years, it has been universally acknowledged that broadcasting has an unprecedented power, not only in Canada but in every country of the world. For Canada, with its two official languages, its vast size, its strong regional differences, its multicultural reality and its proximity to the United States, broadcasting is a vital means of maintaining a sense of national identity.

Since the early days of radio, the evolution of the Canadian broadcasting system has been strongly influenced by an awareness of its importance in maintaining our national identity and bringing Canadians information and entertainment. There always has been, however, the chronic problem of too little Canadian programming with widespread appeal in comparison to foreign programming. The 1968 Broadcasting Act, which shaped our present broadcasting system, was a response to that challenge, as well as to the demands of Canadians for a wider range of programming in both official languages. The act provides that the system be "effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada"; that programming should be of a high standard, using predominantly Canadian resources; and that all Canadians are entitled to broadcasting services in English and French as public funds become available.

Now, 15 years later, those objectives are still valid, but new challenges and opportunities have arisen, and these call for a solid and reasoned policy response. New technologies are now coming into play, and these will greatly increase the reach and number of broadcast signals transmitted both within Canada, and across our borders.

Already, more than 50 new television programming services are being delivered by satellite in the United States to a rapidly expanding cable industry. These signals are now technically available almost everywhere in Canada. There is no sign that this growth in satellite programming has peaked. Within three years, the United States will launch the first of several direct broadcast satellites, with electronic footprints covering most of Canada. Signals from such satellites, which use technology pioneered by Canada, can be received directly in the home via small earth terminals, soon to cost probably as little as \$300. Meanwhile, other technologies, such as videotex, video cassette recorders and videodisc players, have become increasingly popular. All of these technologies are creating a broadcasting environment characterized by dramatically increased choice for the viewer and intense competition for domestic broadcasters, both from new services within Canada and from beyond our borders.

Though these technological innovations promise many benefits, there is a very real possibility that they could undermine the present Canadian broadcasting system and weaken our cultural integrity as a nation.

The situation is urgent; the time, opportune. This Broadcasting Strategy for Canada is designed to enable the broadcasting system to respond to the challenges and seize the opportunities we face today. It involves action now to ensure that Canadian content is maintained and strengthened in the distribution of these new programming services. It involves steps to increase the competitiveness of the Canadian broadcasting industry, both in the production of Canadian programming and its distribution. And it represents a way of making sure that Canadian viewers, while enjoying greater choice will have assured and reliable access to programming that reflects Canadian cultural values.

The economic stakes are high

Quite apart from its cultural importance, the dollars and jobs at stake in this broadcasting strategy are considerable. The 1,312 stations, networks and cable systems and the 1,886 rebroadcasters that together form the Canadian broadcasting system, collectively generate more than \$2 billion in revenues each year. The Canadian program production and broadcasting industries employ some 75,000 Canadians. Without new policy initiatives, a significant portion of those revenues and jobs will be at risk.

Without such initiatives, Canadian program producers could find themselves progressively less able to compete in a domestic market that is open to the world. The reality is that American producers serve a domestic market 10 times larger than Canada's, and the disparity in revenues available for program production in the two countries is even greater. This economic reality, combined with the globalization of the broadcasting environment, could destroy the infrastructure for program production in Canada, with talented Canadian producers, writers, directors, actors and technicians gravitating toward more prosperous foreign production centres. At present, more than 30,000 Canadians make their living in the independent television production and film industry. Another 10,000 self-employed Canadians work on productions as performers, writers, directors and technicians. A significant number of these 40,000 jobs are potentially in jeopardy.

Meanwhile, unless the Canadian television industry can take advantage of the new environment and participate actively in the provision of new satellite-to-cable services, its audiences could decline dramatically. In a world where \$300 earth stations are a reality, first the viewers, then advertisers and finally investors could desert Canadian stations. Unless new revenue sources are found to strengthen the system, broadcasters could see their economic base decline substantially and a number of local broadcasters could go out of business. The cable industry could also face massive customer disconnects unless steps are taken to increase the attractiveness of Canadian cable services. The private television, radio and cable industries employ 22,000 Canadians; many of these jobs too are potentially at risk.

A growing public concern

In every region of the country, Canadians have been expressing a desire for increased choice in television and radio programming. Many have also articulated their concern about the continued viability of the Canadian broadcasting industry in the face of growing competition from other countries. With the increased availability of programming from other countries, there has emerged the special worry that this mounting flood would impede the appreciation of many Canadians – especially younger people – for the unique value of Canadian society, history and culture.

This Broadcasting Strategy for Canada recognizes that, within a healthy and viable Canadian broadcasting system, Canadians are entitled to as much choice in programming as technical, contractual and international arrangements enable them to receive. This strategy acknowledges too that “choice” for Canadians is meaningless unless it also includes programming which reinforces the cultural heritage of all Canadians.

Central to this strategy is the assumption that action must be taken now to help the Canadian broadcasting industry become more competitive. It also recognizes that the term, “more competitive”, is meaningless unless Canadian producers are developing high-quality attractive programs.

A larger whole

Broadcasting, though very significant, is only one aspect of a larger whole. And this strategy, though very important, represents only one aspect of a larger set of integrated policies now being developed by the federal government to meet the challenges and opportunities – cultural, economic and social – posed by the new technologies.

In November of this past year, the Applebaum-Hébert Report was published. This document, and the debates flowing from it, will help lay the groundwork for Canadian cultural policies between now and the year 2000. These new cultural policies, now being developed by the federal government, will reflect a conceptual framework, based in part on the over-riding importance of ensuring that Canadian culture thrives in the new technological environment.

This strategy represents a fundamental aspect of that larger cultural concern. The Applebaum-Hébert recommendations are broad and comprehensive, and include among them many insights about the changing nature of the broadcasting industry, and the direction it might take over the next half-century. The process now under way will establish the broad context in which broadcasting services can be provided to Canadians – in such a way as to ensure that attractive high-quality programs are always available to reinforce the cultural values of this country.

The Broadcasting Strategy for Canada, as well as the new Canadian cultural policies, also represent one aspect of an integrated set of communication-information policies which the Government of Canada is developing to deal with the emerging demands of the “information revolution”. Indeed, the new broadcasting environment is simply one facet of that sweeping, international movement. Based on the proliferation of new technologies and computer-communications services for the creation of knowledge and transmission of information, this “information revolution” is now taking Canada into a new, cultural, economic and social world where there are few existing rules.

National governments are only now beginning to understand this new environment and to develop the strategies and arrangements needed to secure the benefits of this technology for their citizens. People around the world are only learning now how to strengthen their economies through the development of these technologies. And they are also only now beginning to grasp how to reinforce the uniqueness of their national cultures in the face of the burgeoning number of messages transmitted from innumerable sources around the planet.

Building on our strengths

Broadcasting stands at the nexus of our broader cultural concern and the new policy imperatives demanded by the information revolution. Broadcasting is, therefore, crucial; and, in the Canadian broadcasting system, both the private and public sectors play fundamental roles.

The Canadian broadcasting system now confronts unprecedented challenges and opportunities. The situation is both urgent and opportune. In order to meet those challenges and seize the associated opportunities, Canada must build now on the existing strengths of its broadcasting system. And those strengths are considerable.

Canada has the finest technical infrastructure for broadcasting in the world. Canada also has the world's most advanced system of domestic communications satellites which is employed to distribute radio and television programming. Satellite, microwave and cable technologies have made possible major achievements in extending broadcasting services in both official languages to all regions of the country. Both private and public television services are available in both official languages to all but a small minority of Canadians. And this elaborate technical infrastructure, which on a per capita basis is more extensive than that of any country in the world, is effectively owned and controlled by Canadians.

Canadian cultural life also possesses a vitality and liveliness unprecedented in Canadian history. As the Applebaum-Hébert Report notes, "The record of the past 30 years is one of which Canadians can be proud, not least because with the growth of (our cultural) infrastructure has come a substantial growth in the artistic community itself – there are simply many more artists working in 1982 than were working in 1952, or even 1972 – and a marked flowering of artistic achievement. In a very real sense, Canadian cultural life can be said to have gained maturity and distinction."

Canada is a country rich in culture and innovative in technology. It is upon these strengths that this Broadcasting Strategy for Canada builds.

More important, the people of Canada, going back 50 years, have recognized that broadcasting represents a crucial vehicle for encouraging in both official languages cultural values which are uniquely Canadian. Canadians know that an absence of Canadian programming undermines the cultural awareness of our citizens. There is also general agreement that, in order for these cultural values to retain their vibrancy in the face of increased programming received from the United States and elsewhere, the government, in co-operation with the broadcasting industry, must ensure that our own programming and broadcasting capabilities – both public and private – remain competitive. This broad agreement is another strength upon which this Broadcasting Strategy for Canada builds.

Seizing the opportunities

The Broadcasting Strategy for Canada is designed to ensure that the Canadian broadcasting system can respond to the challenges and seize the opportunities which are before us.

To this end, the policies and proposals which constitute this strategy have three fundamental goals:

- ONE **To maintain the Canadian broadcasting system as an effective vehicle of social and cultural policy in light of a renewed commitment to the spirit of the broadcasting objectives set out in the 1968 Broadcasting Act.**
- TWO **To make available to all Canadians a solid core of attractive Canadian programming in all program categories, through the development of strong Canadian broadcast and program production industries.**
- THREE **To provide a significantly increased choice of programming of all kinds in both official languages in all parts of Canada.**

A result of many months of development, including extensive consultation with the industry, this Broadcasting Strategy for Canada represents a solid and reasoned approach to the new electronic world of the 1980s and beyond. The challenge of maintaining control of our own communications and information future is no small matter. The opportunities which will be available to all Canadians if we meet the challenge are great.

In that new environment, greater choice and greater competitive capacity will be not only our best strategies, but the only strategies which will enable us to maintain a vital Canadian culture and a viable broadcasting economy. They represent the last, best chance for an identifiably Canadian broadcasting system.

At the heart of this Broadcasting Strategy for Canada are four firm policy initiatives which have been adopted by the Government of Canada because of their urgency; these are described in the next section.

Further policies are also needed to strengthen Canada's cultural, economic and social position within the new broadcasting environment. The federal government will seek public input on these policies within the coming months before they too become firm policies in a Broadcasting Strategy for Canada. These policy proposals are described in the last section of this booklet.

New policies

The following policies have now been adopted to enable Canadian consumers, broadcasters and other entrepreneurs to take advantage of the new technologies.

1. Expand programming choice

Canadians should have access to a wide variety of satellite programming from around the world – along with a full range of existing and new Canadian programming services, as well as new non-programming services. Canada has the strongest and most technically advanced cable distribution system in the world. We are now building on this system, and our own satellite technology, to enable the broadcasting system to expand its domestic audience and revenue base, and to guarantee that we have an ongoing vehicle for Canadian programming.

Cable, drawing on satellites and over-the-air broadcasting, represents the most cost-effective means of significantly expanding the viewing choice of most Canadians, while at the same time ensuring that the broadcasting system remains identifiably Canadian. This strategy calls for the entire range of new Canadian programming services and many foreign services to be made available over cable on a "tiered" basis, in addition to cable's continuing carriage of conventional services.

Broadcasters will continue to play their crucial role in the Canadian broadcasting system. The emergence of new programming services may well represent an important opportunity for private broadcasters who wish to employ their entrepreneurial ability, production skills and knowledge of the Canadian market to expand their revenue base. It is expected that, when the CRTC holds public hearings on the introduction of new Canadian programming services, private Canadian broadcasters would be among the first to come forward with proposals on how to provide such services.

Preferably, the foreign signals would be repackaged to include Canadian material. If such an approach proves unfeasible, cable licensees will be permitted to distribute these signals – except for foreign pay television signals – subject to regulatory approval, the conclusion of contractual agreements, and the pertinent international arrangements.

A vital factor is the speed at which these new services are introduced. On the one hand, they must be introduced quickly enough to ensure that Canadian cable systems regain and retain a competitive advantage over direct reception from foreign satellites. On the other, their introduction must be sufficiently phased and orderly to preserve the economic health of the Canadian broadcasting system.

Cable operators will also be encouraged to provide the public with a range of new non-programming services, such as videotex, data bank services, intrusion alarms, meter reading, medic alert, etc. In short, cable will become a major vehicle for delivering the "information revolution" to Canadian homes.

Canada has one of the most sophisticated and extensive cable systems in the world. The enormous amount of cable already in place in this country means that cable will be able to offer, at a much more economical price to Canadians than any other delivery medium, a far greater range of programming and non-programming services. Direct satellite reception may eventually offer a viable alternative to off-air reception in uncabled areas and, for this reason, will be encouraged in such underserved areas. But, in the foreseeable future, cable will represent the preferred alternative for most Canadians – from a dollars and cents perspective and because of the range and quality of the services it can provide.

Many countries around the world have also recognized this fact. In France, 27 major cities are soon to be cabled, while West Germany will shortly commence large-scale cabling projects in 11 major cities. Australia too is about to begin wiring all its major population centres. Meanwhile, Belgium is rapidly moving ahead of Canada as the world's most heavily cabled country on a per capita basis, while in the United Kingdom the recently released report of the Hunt inquiry advocates a concerted move to cable.

Canadian high technology industries should benefit directly as cable operators retool their plants to carry these new programming and non-programming services. Cable companies will require significant amounts of new capital equipment – such as earth stations, scrambling and descrambling equipment and a variety of other types of cable hardware. Canadian high technology industries manufacture much of this equipment, and jobs should be created as a result.

2. Strengthen Canadian programming

The new technological environment can be shaped to create opportunities from which the entire program production industry can benefit. The Government of Canada will establish a special Canadian Broadcast Program Development Fund to assist private production companies and independent producers. The fund will be administered by the Canadian Film Development Corporation and will rise from a total of \$35 million in the first full year of operation to \$60 million in the fifth year.

The need for such funding arises from the continuing metamorphosis of the environment in which programs are produced. The new technology is bringing about a proliferation of programming services, not just in Canada but around the world. This transformation of the global broadcasting environment will result in a continually growing and voracious demand for new programming to fill the multiplicity of channels soon to be available. This hunger for new content represents an enormous opportunity for Canadian program producers. But, in order to compete effectively in these new markets and in our own domestic market, Canadian program producers must have the resources to produce attractive, high-quality Canadian programming in both official languages and of international calibre – Canadian programming that people will choose to watch.

At present, Canadian program producers lack the resources their competitors can command. Take American program producers, for example. Because of a larger population and a much more sizeable market, U.S. program producers have a far greater revenue base to build on than their Canadian counterparts. Canadian television advertising revenues, on a per capita basis, are also half those in the United States. As a result of this situation, expensively produced American programs can be amortized in their large home market, and their rights can be sold cheaply in foreign markets, such as the Canadian one. The Canadian home market is too small for equivalent recovery of costs.

The stern economics of program production are reflected in the viewing choices made by Canadians.

In the peak evening hours on English-language television, foreign programs account for a startling 85 per cent of viewing and represent 77 per cent of total viewing throughout the day. Drama programs account for 49 per cent of all viewing time and 66 per cent of peak viewing time. Only five per cent of the drama programming available is Canadian and it represents only two per cent of total viewing time. The situation is similar for Canadian children's programming, with English Canadian children spending 83 per cent of their viewing time on foreign programs. **These figures underscore the economic crisis of Canadian program production; they also portray a cultural crisis of undetermined proportions.**

French-language television is in a healthier state. In the Montreal market, eight of the ten most popular French-language programs are Canadian in origin. But neither the language barrier nor the creativity and ingenuity of French-language broadcasters and program producers may be sufficient in themselves in the new broadcasting environment. In the past few years, there has been a marginal trend away from francophone programming to the police series, variety programs and cartoons on American and English Canadian stations. Imported drama programs, particularly from the United States, represent 83 per cent of all the drama programming available on francophone stations. Young francophones between 12 and 17 spend 59 per cent of their viewing time watching foreign programming. Meanwhile, independent French-language producers have an even smaller domestic market than their English counterparts and therefore, from a financial perspective, are in an even weaker position with respect to competition from foreign producers.

But the picture is not all gloomy. There is the continuing popularity of Canadian programs on French-language television. There is the enduring strength of Canadian broadcasting in the areas of news, current affairs and sports. And there are the record earnings by Canadian films at U.S. box offices in 1981-82. Indeed, Canadian program producers have demonstrated again and again that they can produce attractive high-quality Canadian content which can compete, both at home and in foreign markets, with the offerings of the world.

Programming Goal: Both for cultural reasons and as a means of strengthening the Canadian program production industry, it is vital that Canadian broadcasters exhibit more Canadian programming. This strategy sets a broad goal for the exhibition of Canadian programs by Canadian broadcasters: **As a general principle, the Canadian broadcasting system must make available a significant amount of Canadian programming in each program category – for example, the drama, children's and variety categories.** In short, there will be a real Canadian option in every program category.

This goal is very general. Precise targets in each program category, and the responsibilities of particular broadcasters with respect to hours and quality, will, of course, be defined by the CRTC. The direction taken by the commission in its January 31, 1983 announcement of proposed changes in its Canadian content regulations lays the groundwork very well for the development of such targets.

It is clear now, however, that, in order to meet this general goal, Canadian broadcasters will have to increase the amount of Canadian programming they exhibit in the categories of drama, children's and variety programming.

Canadian Broadcast Program Development Fund: In order to meet this programming goal and strengthen the Canadian program production industry, a Canadian Broadcast Program Development Fund will be established. The fund will be administered by the Canadian Film Development Corporation (CFDC). The size of the fund will rise from \$35 million in its first full year of operation to \$60 million in its fifth year.

Money from the fund will be available only to private Canadian production companies and independent producers. Each year, at least half the funds will be allocated for television productions to be exhibited by private broadcasters, with up to half going to productions for exhibition by the Canadian Broadcasting Corporation. In fact, all applications for funding from producers must be accompanied by an agreement from public or private broadcasters to exhibit the production within two years of its completion.

The CFDC, in its funding decisions, is expected to take into consideration the government's intention that the fund support new programming. Initially, as a bare minimum, for every dollar provided from the fund, the producer must raise at least two dollars. As a result of this requirement, the fund, during its first year of operation, should result in the infusion of at least an additional \$105 million into the production of Canadian programming. In its fifth year, this figure should rise to at least \$180 million.

With this significant infusion of additional funding, it is expected that a solid core of high-quality attractive Canadian programming will soon be available to Canadians in every program category and in both official languages.

In the memorandum of understanding on the fund between the Minister of Communications and the CFDC, it is stated that the corporation, in administering the fund, should continue to exercise its independent judgement concerning individual investments as the best means of attaining a strong and creative program production industry in Canada.

The CFDC can exercise complete discretion over whether its investment in a particular production takes the form of a loan, a loan guarantee, equity participation or some mix of these three.

The memorandum of understanding does contain certain guidelines for the CFDC with respect to general criteria for deciding upon applications to the fund for assistance. **The categories of programming which would be eligible for assistance are those in which the Canadian broadcasting industry does not provide a significant amount of Canadian programming – that is, the drama, children's and variety categories.** The drama category could include feature films, situation comedies, adventure series and plays.

In addition, the CFDC must aim at investing one-third of the funds on French-language television productions, with the remaining two-thirds going to English-language television productions. Under the agreement, the CFDC is also expected to identify provincial and regional interests in program production and aim at striking an appropriate regional balance in its investments as a means of fostering program production in all regions of Canada.

Certain other guidelines with respect to eligible productions appear in the memorandum:

- creative control of the production must rest with Canadians;
- employment opportunities, to the maximum extent possible, should be provided for Canadians in all stages of a Canadian television production;
- all drama and variety productions should be appropriate for exhibition by Canadian over-the-air TV broadcasters during the hours 7 to 11 p.m.;
- the production should be of high quality, attractive to peak viewing audiences and, where appropriate, internationally attractive; and
- the production should be in conformity with the Canadian Association of Broadcasters Code of Ethics **and** any other programming standards endorsed by the CRTC with respect to, among other things, sexual violence and sexual exploitation.

These investments in Canadian programming will create a large number of additional jobs in the private program production sector.

Related Canadian cultural industries and artistic disciplines – such as sound recording, the performing arts and publishing – will also benefit from the demand for increased Canadian programs because they provide much of the creative material for such programs.

Meanwhile, the production of competitive Canadian television programs will enable this country to exploit the dynamic and growing export market for quality programming.

3. Direct CRTC on policy matters

In a rapidly changing technological environment, it is essential that the Government of Canada have the ability to adjust broadcasting policy quickly to meet new challenges and opportunities. There is a consensus – which includes nearly all provincial governments, the broadcasting industry and the Federal Cultural Policy Review Committee in its recommendations, as well as the CRTC chairman – that the federal government be given the ability to issue directives to the Canadian Radio-television and Telecommunications Commission on broad policy matters, subject to adequate safeguards and procedures. In establishing this power of policy direction, mechanisms for public input will be assured, while all matters of specific program content will remain the responsibility of the broadcaster under the regulatory and supervisory jurisdiction of the CRTC.

The CRTC derives its authority from the Broadcasting Act of 1968. Under this legislation, the commission is responsible for regulating and supervising all aspects of the Canadian broadcasting system, with a view to implementing the broadcasting objectives enunciated in Section 3 of the act. The commission establishes regulations and issues, amends and renews broadcasting licences. It also has the power to suspend or revoke broadcasting licences in certain cases. Except for certain limited powers of direction by the government, the CRTC acts with complete independence.

This strategy assumes that the commission will continue to play its central and independent role in the system by establishing regulations and issuing licences, with appropriate licence conditions, to all broadcasting undertakings and networks. The fundamental policy-making role, however, belongs properly to the government and to Parliament, both of which are directly responsible to the Canadian people. For this reason, the government will seek Parliamentary approval to give the Governor in Council the power to issue legally binding directives on matters of policy to the CRTC, subject to appropriate safeguards and procedures.

It should be emphasized that such an amendment would give the Governor in Council the power to issue **only** broad policy directives. Specifically excluded from the Governor in Council's power of direction would be such matters as: the issue of a broadcasting licence to a particular applicant or the amendment or renewal of a particular broadcasting licence; the specific content of programming; any restriction on freedom of expression; and the charges to be levied for particular broadcasting services or facilities. The CRTC would retain its responsibility for regulating and supervising all aspects of the Canadian broadcasting system – including Canadian content requirements. Broadcasters would remain responsible for the specific content of programs they air. Under the regulatory and supervisory authority of the CRTC.

4. Abolish satellite dish licensing requirements for individuals

Many Canadians in rural and remote areas do not benefit from the increasing choice in programs enjoyed by the majority living in areas served by cable. The growing use of satellites to deliver programming services represents a significant opportunity to redress this imbalance. The federal government has, therefore, decided that individual Canadians – as well as certain commercial establishments – will no longer need a licence under the Radio Act to operate a television receive-only earth station (TVRO) for reception of radio and television programming from satellites. The licensing requirement for master antenna systems is also being changed.

This new policy acknowledges a fundamental truth of the new broadcasting environment – that satellites are rapidly emerging as the preferred medium for delivery of distant programming signals to cable systems and to areas unserved by cable. This relaxation of requirements for an earth station licence under the Radio Act will further encourage the development of satellite services to underserved communities. Indeed, this new policy should create a rapidly growing market for earth stations, thereby lowering their cost substantially and bringing them within the price range of Canadians who cannot be served in any other way.

The policy involves new regulations under the Radio Act which will exempt certain important categories of TVRO operators from the requirement for an earth station licence. The exemptions will apply with respect to TVROs used to receive programming intended for distribution by a broadcasting undertaking and carried on fixed satellites – the only type of satellite which now carries television programming. The new policy involves the following changes:

TVROs for individual use no longer require a licence: Under this new policy, an individual, who uses a TVRO to receive programming for his or her own personal use, will no longer require an earth station licence under the Radio Act. The revised regulations will entirely exempt individuals from any licensing requirement under the Radio Act, as long as they do not distribute these signals to others. This change will enable individuals in underserved communities – especially those unserved by cable – to receive the full range of programming signals.

Licence unnecessary for certain commercial establishments: Bars, taverns, nightclubs and other similar commercial establishments will no longer need an earth station licence under the Radio Act. Again, the new regulations will exempt these commercial establishments from the licensing requirement, as long as they only display the satellite programming, as opposed to actually distributing it.

Changed licensing requirements for master antenna systems: Many urban Canadians live in high-density housing such as apartment buildings or condominiums. A large number of these complexes, as well as hotels and motels, have set up master antenna systems (MATVs) to bring their residents programming services. The growing number of programming signals available on satellites presents an opportunity to bring a wider range of programming to people served by MATV systems.

As already noted, the federal government believes that cable represents the best means of ensuring that Canadians receive the widest possible range of broadcasting services. For this reason, the economic viability of licensed cable operators in any area will be of paramount importance in CRTC decisions on the licensing of local MATVs to distribute satellite programming. In CRTC licensing hearings for MATV, licensed cable operators will be expected to make their views known on the impact of an MATV licence on their economic viability. Where the CRTC is satisfied that the economic impact on the cable operator in an area is not serious, the government would expect the commission to licence MATVs for distribution of satellite programming. In such licensing decisions, it is expected, of course, that MATV applicants will be subject to equitable regulations and receive equitable treatment. Such licensed operations will be exempted from the requirement to obtain an earth station licence under the Radio Act – provided that the CRTC has specifically authorized their distribution of satellite signals.

The commission may also wish to consider exempting MATVs below a certain size from the requirement for a broadcasting licence, given that such small systems generally have only a limited economic impact on licensed undertakings. These small systems will also be exempted from the requirement for an earth station licence under the Radio Act.

Limits to exemptions: It should be noted that, despite these exemptions, operators of earth stations may still require permission to receive satellite programming signals from their originators.

The new regulations will permit broadcasting undertakings and telecommunications carriers to apply for an earth station licence under the Radio Act as a means of receiving protection from radio interference.

In conjunction with this new policy, the federal government will consult with the U.S. government on reciprocal arrangements for reception of programming services from each other's satellites.

The crucial first steps

These four policy initiatives represent an urgent priority to the federal government and to all Canadians. Their implementation now is vitally important. Quite legitimately, Canadians are demanding the expansion in viewing choice which the new technologies make possible. But many Canadians have also recognized that something very precious – our heritage, our cultural identity, our sense of ourselves as a national community – would be lost if their enhanced choice in programming does not include the creations of Canadians.

These four policy initiatives constitute the crucial first steps towards satisfying these dual concerns in the new broadcasting environment which is now upon us.

Cable represents the most cost-effective vehicle for delivering a wider range of programming and non-programming services to the vast majority of Canadians. The relaxation of TVRO licensing requirements should create a climate in which Canadians living in areas unserved by cable can receive the same range of viewing choice as those in major urban areas.

By fulfilling its regulatory and supervisory role, the CRTC will ensure that this radical increase in the availability of new and conventional programming services occurs in an orderly fashion which preserves the continued health and vitality of the Canadian broadcasting system. However, because the federal government will have the power to issue broad policy directions to the CRTC, the commission will be able to exercise its responsibilities against a firm policy backdrop and be in a position to carry out its role in implementing this Broadcasting Strategy for Canada.

This set of policy initiatives also reflects a recognition by the government that, in the new broadcasting environment, regulation alone is not sufficient to preserve an identifiably Canadian broadcasting system. In particular, it is vital, and now a matter of policy, that the private Canadian program production industry have additional funds at its disposal in order to compete with the flood of foreign programming now available because of the new technologies. It is for this reason that the federal government has decided to establish the Canadian Broadcast Program Development Fund.

These four complementary measures lay the basis for creating a climate in which the Canadian public will be assured of a much expanded range of viewing choice which will include a solid core of attractive, high-quality Canadian programming. Indeed, these four measures lay the essential foundations for a healthy, viable and identifiably Canadian broadcasting system which will be able to compete with the program offerings of the world.

Policy proposals for consultation

Further policies will be necessary to strengthen Canada's cultural, economic and social position within the new broadcasting environment. There will be, for example, a need for continual adjustment of the laws and regulations which govern public and private broadcasting in Canada. Though phrased in the affirmative, the following measures are open for debate and will require public input before they become firm policies which are integral parts of a Broadcasting Strategy for Canada.

1. Private Sector Thrust

Encourage the private broadcasting sector in Canada to fulfill an expanded role in increasing both the quantity and quality of Canadian programming. Given that new funds and government assistance are being made available to make the industry more competitive, ensure higher levels of performance from the industry, especially in the area of Canadian programming carried on existing and new services.

This strategy places considerable emphasis on strengthening the private broadcasting sector so that it can compete with an influx of foreign programming. As noted above, cable will be encouraged to become the primary delivery vehicle for conventional and new programming services, as well as non-programming services. Private television broadcasters will be able to exhibit at least half the Canadian programming supported by the Canadian Broadcast Program Development Fund. In addition, as noted below, this strategy also calls for new Canadian content requirements, as well as a more appropriate definition of Canadian content. These matters are, of course, the responsibility of the CRTC and its January 31 announcement of proposed changes in its Canadian content regulations represents an important step in this direction.

New TV Programming Services: The introduction of new Canadian television programming services should provide new opportunities for the exhibition of attractive high-quality Canadian programs, as well as new revenues for such programming. The privately owned pay television licensees are, of course, expected to deliver on this promise. Similarly, private Canadian broadcasters and entrepreneurs will be encouraged to invest in new specialized Canadian programming services – such as, for example, news, sports, children's and cultural programming services.

Broadcasters have expressed concern that these services will further fragment their viewing audiences. But, given public demand and the availability of similar American services by satellite, this fragmentation seems inevitable and the entire situation calls for a more positive approach.

The federal government intends to encourage private Canadian broadcasters to use their present production facilities, their expertise in Canadian programming and their knowledge of the Canadian advertising market to acquire a hold on this important new market.

Radio: By the same token, despite the strength of Canadian radio in comparison to Canadian television, Canadian radio broadcasters should consider the question of developing new radio services for specialized audiences to meet growing foreign competition from satellite audio services.

The Government of Canada also affirms its support for Canadian content requirements for both French and English-language radio. As a result of these requirements, radio stations now play significant amounts of Canadian music. The economic benefits to the creators of the music, Canadian artists, publishers and sound recording companies have been substantial. These Canadian content requirements have not, however, resolved all the problems of the Canadian sound recording industry, and new policies in this area are now under active consideration.

2. French-language Broadcasting Thrust

Enhance and extend French-language broadcasting and programming services in Quebec and across Canada, while at the same time strengthening the French-language program production industry. In particular, stimulate exports of programming produced by the French-language program production industry in Canada. Enter negotiations with the Government of France for extension of present feature film co-production agreement to television productions, as well as negotiating co-production agreements with other francophone countries. On a reciprocal basis, encourage the importation of foreign French-language programming into Canada. Examine the establishment of a second private French-language television network in Quebec. Further extend French-language programming services, both domestic and foreign, to francophones throughout Canada.

Though the French-language broadcasting industry is in a healthier state than its English counterpart, cause for concern exists. In the past few years, there has been a marginal trend away from French-language programming to the programming carried on American and English Canadian stations. Young francophones in particular have been turning in ever larger numbers to foreign programming. These trends could intensify as the new technology makes available a continually growing number of new foreign programming services. Meanwhile, the French-language program production industry has an even smaller domestic market than its English-language counterpart and thus could experience real difficulties in competing with foreign fare.

As noted above, one-third of the money available in the Canadian Broadcast Program Development Fund will be invested in French-language television productions commissioned from private production companies and independent French-language producers. The federal government also intends to place special emphasis on stimulating exports to other countries of domestically produced French-language programming. To this end, the government is renegotiating its feature film co-production agreement with France so that it also applies to television programming. In addition, the government intends to negotiate, where desirable, co-production agreements covering TV and film productions with the governments of other francophone countries.

The possibility of establishing a second private French-language television network in Quebec should also be examined. This network, which could carry both domestic French-language programming and programming from France and other French-speaking countries, could serve to retain those francophone viewers who are moving in growing numbers to U.S. channels in order to broaden their selection of programming.

To this end, the federal government will also actively encourage the importation into Canada of foreign French-language programming from around the world when the appropriate reciprocal arrangements can be made.

The extension of francophone services to all areas of the country where French-speaking Canadians reside is also a matter of particular importance. Negotiations are now under way to permit the reception of programming from France in New Brunswick and Ontario. Private entrepreneurs will also be encouraged to undertake distribution of other new French-language services across the country. In addition, the CRTC and provincial educational communications authorities will be asked to examine the desirability of making particular domestic French-language programming services – such as those provided by Radio-Québec and TVOntario – available throughout the country. In this way, francophones, wherever they live in Canada, will have access to most domestic French-language programming, as well as a significant amount of foreign French-language programming.

As noted elsewhere, the government will in the coming months be announcing new policy proposals with respect to the CBC, radio broadcasting and the sound recording industry. In the development of these measures, special attention is being paid to the particular needs and concerns of French-speaking Canadians.

3. Export Thrust

Establish a framework for the international marketing of Canadian television programs in both official languages through a variety of measures – including the negotiation, where desirable, of co-production treaties with other countries and the extension of existing treaties to cover television programming.

Success in foreign markets is crucial to recovering the investment needed to generate world-class programming. Because international trade in television programming is growing rapidly and new markets are opening up, the export prospects for Canadian programs are improving, especially for an attractive, high-quality product. The Canadian Broadcast Program Development Fund should help ensure that Canadians produce programming of international calibre. Proof of the international saleability of Canadian programs is provided by the recent success of Canadian feature films in the U.S. market, where box office receipts jumped from \$46 million in 1980-81 to a record \$200 million in 1981-82.

Co-production treaties: Canada now has feature film co-production treaties with five countries – France, the United Kingdom, Italy, Israel and West Germany. These treaties will be extended to cover television productions where possible, and Canada will negotiate similar treaties with other countries, where desirable.

Satellite Programming Services: Programming carried on Canadian fixed satellites may also be saleable in the United States. An exchange of letters with the U.S. government has already taken place on revisions to the 1972 intergovernmental agreement governing the establishment of point-to-point transborder satellite services between the two countries. Further discussions will follow on reciprocal arrangements for the international marketing and reception of satellite programming services.

The Video Market: Video cassettes and videodiscs also represent an auxiliary market of enormous potential. The international distribution of programming via cassettes and discs is already a well established and growing industry. Spurred by the incentives called for above, the Canadian program production industry should be in a position to move aggressively into this market.

4. Equalization of Services Thrust

Reinforce the national effort to equalize the level of broadcasting services throughout the country by employing all available distribution technologies – including microwave and satellites.

Through a combination of microwave systems and fixed satellites, Canadian radio and television services in both official languages are available to nearly every community of 500 or more people in the country, as well as 99 per cent of Canadians in both French and English, respectively. Yet there are still more than 1 million Canadian households which cannot receive more than two or three TV channels.

In April 1981, the CRTC licensed Canadian Satellite Communications Inc. (CANCOM) to distribute by satellite to underserved communities four private Canadian television signals and eight radio services. Since that time, well over 600 underserved communities have been licensed to receive the CANCOM service. Late last year, the CRTC convened a public hearing on an application by CANCOM to distribute in their package the three U.S. television networks and PBS, now carried by most urban cable systems as their standard package. If approved, this new package would constitute a significant step towards greater equalization of service.

Satellite delivery: There still remain, however, a substantial number of Canadians who are unable to receive more than two or three television signals. They live in areas where the population is too dispersed to support cable or even community rebroadcast operations. The Government of Canada is now actively studying the question of using satellites to meet these needs. It intends to encourage Canadian entrepreneurs to deliver their services by satellite in order to add to their potential audience all those who do not subscribe to cable. Members of this audience would, of course, still have to purchase a receiving dish and probably pay a monthly charge for user-pay scrambled signals.

5. Native People Thrust

Respond to the needs of native people for broadcasting services reflecting their languages and cultures.

The recent proliferation of English and French services, reflecting the values and lifestyles of southern, non-native Canadians, has been a mixed blessing to many native northerners. While they find much of value in these services, they are critical of the virtually total lack of programs related to their own languages and cultures.

The CBC, the Department of Communications, the Department of Indian and Northern Affairs and the Department of the Secretary of State have responded to this problem with some success, but much more needs to be done. The Minister of Communications, the Minister of Indian and Northern Affairs and the Secretary of State are now actively considering a new northern broadcasting policy to respond to the genuine needs of native people.

6. Regulatory Thrust

Ensure a more flexible regulatory environment attuned to the new technologies – particularly with respect to changing Canadian content requirements, permitting the tiering of cable services and extending cable priority-carriage rules to encompass satellite-delivered services.

The CRTC, with its mandate to regulate and supervise the Canadian broadcasting system, is a principal instrument for the implementation of broadcasting policy and has served the public interest well. The CRTC will continue to play this central role.

Canadian content requirements: The introduction of incentives to the Canadian program production industry does not eliminate the need for regulation. Achievement of the general programming goal enunciated above will be impossible unless the CRTC puts into place appropriate Canadian content requirements for television and new programming services. These requirements should ensure that both the public and private sector make available to Canadians a solid core of attractive Canadian programming in every program category.

Definition of Canadian Content: The CRTC announced January 31 proposed changes to its Canadian content regulations; these included changes to the definition of Canadian content to ensure significant creative and industrial participation by Canadians in all productions certified as Canadian. The direction taken by the commission is a desirable one.

Tiering and cable priority-carriage regulations: At the heart of this strategy is action to ensure that cable can play a central role in the delivery of a wider range of existing and new programming services to Canadians. To this end, it is vital that the CRTC consider the rapid introduction of appropriate regulations for the tiering of cable services, as well as the careful application of priority-carriage regulations to benefit Canadian services on these tiers.

Introduction of new services: In the case of new Canadian and foreign programming services, the CRTC is responsible for ensuring that the pace of their licensing is sufficiently measured and phased to allow for an orderly transition to the new environment, but rapid enough to meet public expectations and competitive conditions in the marketplace.

It is fundamentally important to this strategy that cable be able to take advantage of the opportunities presented by the new non-programming services. To this end, the CRTC is expected to develop regulations, as well as new licensing procedures, to ensure the orderly introduction of these services.

Broadcasters' exclusive rights to programs: In the past, simultaneous substitution regulations have helped broadcasters protect the monetary value of their exclusive rights, which are purchased at some cost, to programs in particular markets. Additional regulatory mechanisms – such as, for example, non-simultaneous substitution – could further protect those rights. The time is opportune for the CRTC to investigate whether such mechanisms would be in the public interest in the new broadcasting environment. If the answer is affirmative, the commission might consider helping broadcasters and cable operators to reach mutually acceptable arrangements to protect these exclusive program rights.

Cross-ownership between broadcasters and cable operators: Some broadcasters may face serious financial difficulties in the new environment because of increased competition and fragmentation of their viewing audience. In order to ensure the continued availability of local broadcasting services, it is desirable to continue the current policy.

7. Legislative Thrust

Revise the legislative framework for broadcasting, with special emphasis on realigning Parliament's statutory objectives for broadcasting in light of sweeping technological changes. Redefine broadcasting in light of the new technologies. Give the CRTC authority to compel cable operators to lease cable channels at fair and reasonable rates to providers of new programming and non-programming services. Amend legislative requirements to permit a streamlining and simplification of the regulatory process.

Realignment of broadcasting objectives: Legislative revisions will be necessary to bring the statutory objectives for broadcasting more closely into line with the new broadcasting environment. Such an updating of the Broadcasting Act will sharpen and render more relevant the policy backdrop against which the CRTC must regulate and supervise the broadcasting system.

Re-elaboration of broadcasting: The definition of the word, "broadcasting", in the Broadcasting Act requires re-elaboration in light of the new technologies.

Leasing of cable channels: Legislative amendments will be required to ensure that the CRTC has the authority to compel cable operators to lease channels to the providers of new programming and non-programming services, sometimes in competition with the cable operators themselves. More specifically, the CRTC would require sufficient authority to compel leasing of cable channels, at reasonable rates and without discrimination, to the other providers of these programming and non-programming services.

Streamlining and simplifying the regulatory process: It is essential that Canadian entrepreneurs be able to move quickly and decisively to seize the opportunities created by the new technologies and the new environment. Present regulatory and licensing procedures, which are determined in part by legislative requirements, are not flexible enough to permit the CRTC to respond with sufficient speed in this new environment. These legislative requirements should be amended. They should remain sufficiently strong to safeguard the public interest, while allowing the CRTC to move much more expeditiously than at present.

8. *CBC Thrust*

Assure the strengthened performance of the public broadcasting system as a crucial component of an identifiably Canadian broadcasting system. Conduct a fundamental review of the role of the CBC to ensure that it provides programming appropriate to the new broadcasting environment. Emphasize in this review the need for the corporation to increase levels of Canadian content and move towards greater use of high quality Canadian programming purchased from independent Canadian producers.

The CBC will continue to play a central role in the Canadian broadcasting system. Because the CBC is such a profoundly important national institution, the federal government is now consulting with the general public, the CBC itself and Parliament through the Standing Committee on Communications and Culture. This debate on the role of the CBC has already begun and will continue over the coming months.

The CBC Board of Directors has been asked to report to the Minister of Communications in the next few months with its proposals for how the CBC can continue to fulfill a central role in the Canadian broadcasting system within the new broadcasting environment. The board is being asked to look at both the mandate and structure of the corporation, as well as its management, programming and funding policies and practices.

In framing its proposals, the board has been asked to consider this broadcasting strategy, the recommendations of the Federal Cultural Policy Review Committee, the government's general economic and social objectives for the 1980s, the findings of the Auditor General's economic and efficiency audit of the corporation, and a number of strategic objectives for the CBC put forward by the Minister of Communications.

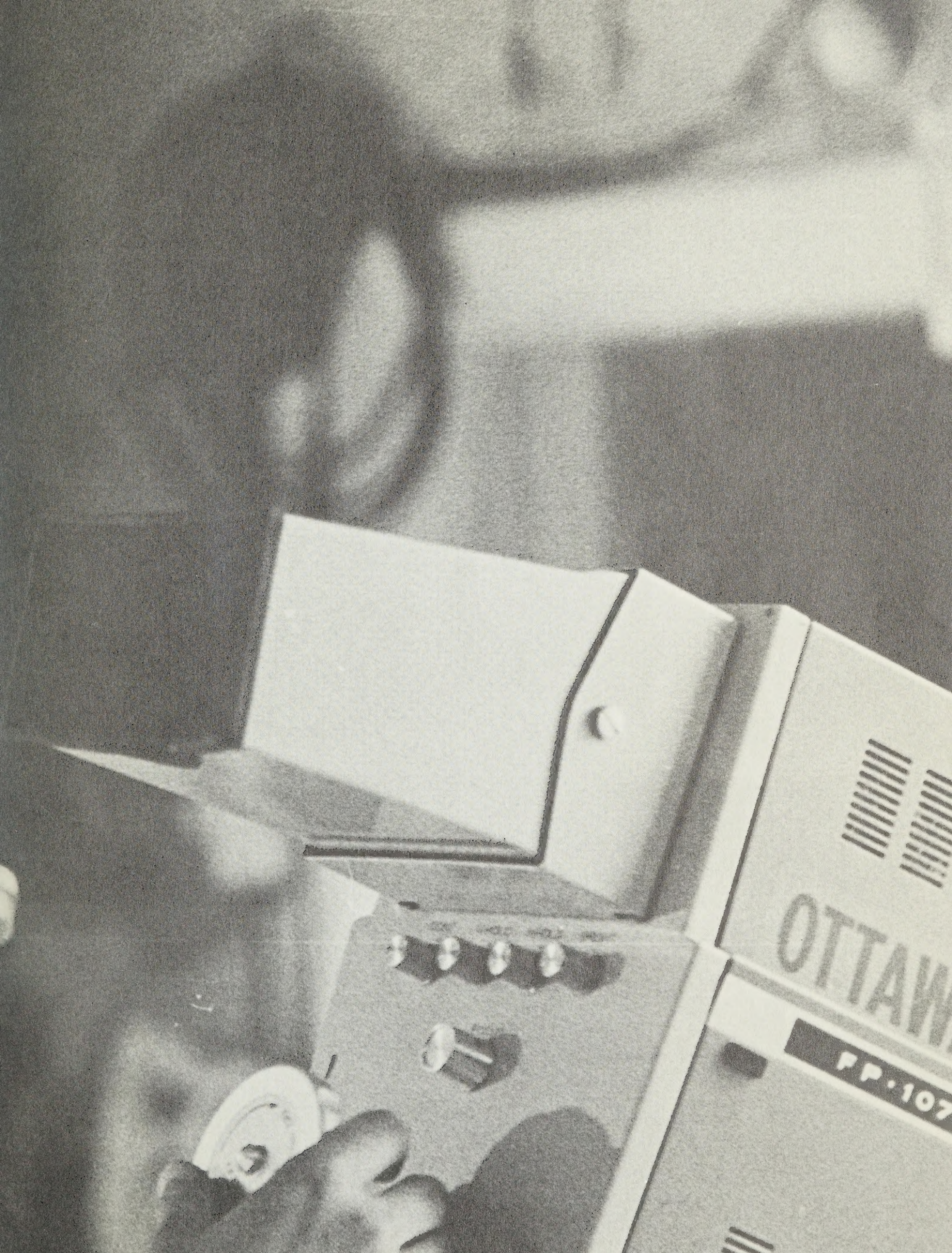
In developing a new policy framework for the CBC, the Minister of Communications will consider the board's proposals and the views expressed during the continuing public debate on the CBC. These new policy initiatives will be announced later this year.

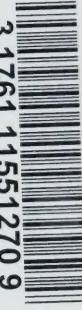
The need for an informed debate

The four policy initiatives, put forward in the previous section as firm government policy, establish the basic framework for a Broadcasting Strategy for Canada. But that framework must be fleshed out. The policy proposals advanced in this section will, after modification through public debate, perform that task.

But that debate must be informed and involve all Canadians. Broadcasting touches all of us. It entertains and informs us. It is the most powerful communications medium in the world today; and, with the new technologies, it is becoming even more powerful. It shapes the cultures, the societies and the economies of nations around the world.

All Canadians must have a voice in the debate on our broadcasting future. This policy booklet is their invitation to join in this debate.





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